

Financial Crime Early Prevention Strategy: The Utilization of Whistleblowing System and Risk Management In Sharia Bank

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ABSTRACT

This study examined the effects of using a whistleblowing system and risk management as prevention strategies for financial crimes at PT Bank Syariah Indonesia in South Sulawesi, Indonesia. This type of research used an associative quantitative approach with a population of 46 PT Bank Syariah Indonesia in South Sulawesi, Indonesia. The sample in this study comprised 230 respondents, selected using purposive sampling. The data were analyzed using multiple linear regression in SPSS 26. The results showed that the whistleblowing system cannot yet be used as an early prevention strategy for financial crime. In comparison, risk management has a positive and significant effect on the early prevention of financial crimes. It is hoped that the results of this research will make additional contributions to the literature on early prevention strategies for economic crimes in Sharia banking, focusing on whistleblowing systems and risk management. In addition, practitioners can provide input to management at PT Bank Syariah Indonesia in South Sulawesi on improving fraud prevention by increasing the effectiveness of the whistleblowing system and strengthening risk management as a prevention strategy against fraud.

Keywords: financial crime, sharia bank, risk management, whistleblowing system.

INTRODUCTION

The Association of Certified Fraud Examiners (ACFE) identified three types of fraud: misuse of assets, corruption, and fraudulent financial statements.¹ The percentage of fraud by type is: asset misuse (86% of cases, with a loss of \$100,000); corruption (50% of cases, with a loss of \$150,000); and financial statement fraud (9% of cases). Even though the frequency of financial statement fraud is low, it has the most significant impact on losses, totaling \$593,000. Meanwhile, by industry type, the banking and financial services sector had the most fraud cases at 22.30%, totaling around 351 cases.²

¹ ACFE, *Survei Fraud Indonesia, ACFE Indonesia Chapter*, 2019.

² ACFE, ACFE, *Report to Members Association of Certified Fraud Examiners (ACFE)*, vol. 1, 2022.

Table 1. Fraud Cases Based on Industry Type

No	Industri	Kasus	Percentase Kasus
1	Banking and financial services	351	22,30 %
2	Government and public administration	198	12,57 %
3	Manufacturing	194	12,33 %
4	Health care	130	8,27 %
5	Energy	97	6,16 %
6	Retail	91	5,78 %
7	Insurance	88	5,60 %
8	Technology	84	5,34 %
9	Transportation and warehousing	82	5,20 %
10	Construction	78	4,95 %
11	Education	69	4,38 %
12	Information	60	3,82 %
13	Food service and hospitality	52	3,30 %
TOTAL		1.574	100,00 %

Source: ACFE Report to The Nations (2022).

In line with the above phenomenon, in 2018, there was also a case of fictitious financing of PT Bank Jawa Barat Syariah with a loss of IDR 548 billion and PT Bank Nusa Tenggara Barat Syariah with a case of embezzlement of customer funds amounting to IDR 11 billion committed by bank employees.³ This indicates that the level of financial reporting fraud remains high and presents a significant opportunity for economic crime, thereby causing substantial state losses.⁴ The high number of financial statement fraud cases is due to the deliberate actions of management and employees to manipulate financial reports, with the aim of deceiving and distorting information for users of financial statements, especially investors and creditors.⁵

Sharia banking is a financial institution that carries out operational activities by holding the trust of the community and applying Islamic values, making financial crime a harm that will harm many parties and there are government regulations through Financial Services Authority Regulation Number 39/POJK.03/2019 regarding the implementation of anti-fraud for banking. However, it turns out that fraudulent practices, especially financial crimes, are still widely carried out in sharia banking.⁶

³ (Nadia vd., 2023)

⁴ Zulfikar Hasan, Nur Azlina, and Muhammad A. L. Mansur. "Implementation of Whistleblowing System to Prevent Fraud in Organizations." *Asian Journal of Accounting and Finance (AZJAF)* 3, no. 1 (2022): 21-33. <https://doi.org/10.51377/azjaf.vol3no1.93>.

⁵ A O Enofe, P Omagbon, and F I Ehigiator, "Forensic Audit and Corporate Fraud," *IIARD International Journal of Economics and Business Management* 1, no. 7 (2017): 1-10; Taofik Hidajat, "Rural Banks Fraud: A Story from Indonesia," *Journal of Financial Crime* 27, no. 3 (2020): 933-943.

⁶ Puspa Kartika Cahyani and Arna Asna Annisa, "Pengungkapan Fraudulent Financial Statement Pada Bank Umum Syariah," *Iqtishaduna* 12, no. 1 (2021): 73-88; Abdi Saputra,

Early prevention of financial crime (fraud early warning) requires a clear line of thinking to combat it.⁷ Fraud prevention is an integrated, systematic effort aimed at eliminating fraud-causing factors early through various activities to minimize opportunities for each organization to commit fraud. Financial crime, which is part of fraud, is defined as a preventive effort from actions that involve dishonest behavior in making financial reports so that the resulting financial information is inaccurate, and this is done only to gain personal/group benefit.

Holistically, proactive and reactive approaches are part of the methods needed for a comprehensive fraud risk assessment and an anti-fraud program.⁸ The reactive approach is the process of identifying potential acts of financial crime, while the proactive approach is the process of identifying acts of financial crime that have already occurred, and is even able to detect acts of financial crime.⁹

The large number of fraud cases, in this case, financial crime, according to previous researchers, is an indication that organizational governance is not running optimally, one of which is through the use of a whistleblowing system¹⁰. The 2020 ACFE survey shows that the percentage of use of the whistleblowing system as a means of preventing fraud is considered very effective as an anti-fraud control tool, namely 22,6%.¹¹ Apart from that, Standard Operating Procedures are often violated due to a lack of control from internal audit and a lack of individual understanding regarding Risk Assessment Guidelines (risk management).¹² This is in line with research¹³ that has found that effective use of

⁷ Pengaruh Sistem Internal, Kontrol, Audit Internal Dan Penerapan Good Corporate Governance Terhadap Kecurangan (FRAUD) Perbankan (Studi Kasus Pada Bank Syariah Anak Perusahaan BUMN Di Medan)," *Riset dan Jurnal Akuntansi* 1 (2017): 48–55.

⁸ Mellyana Noviesta, Khusnatul Khusnatul, and Ika Farida Ulfah, "Faktor-Faktor Yang Mempengaruhi Pendekatan Kecurangan Laporan Keuangan Dengan Pendekatan Fraud Triangle (Studi Kasus Lembaga Keuangan Perbankan Di BEIPeriode 2017-2021)," *SENTRI: Jurnal Riset Ilmiah* 2, no. 3 (2023): 829–842.

⁹ Suharto, Dominicus Savio Priyarno, and Trias Andati, "Pengaruh Kualitas Pelaksanaan Islamic Corporate Governance Dan Kompleksitas Terhadap Frekuensi Terjadinya Fraud Pada Perbankan Syariah Di Indonesia," *Al-Muzara'Ah* 10, no. 2 (2022): 111–122.

¹⁰ Eko Sudarmanto, "Manajemen Risiko: Deteksi Dini Upaya Pencegahan Fraud," *Jurnal Ilmu Manajemen* 9, no. 2 (2020): 107.

¹¹ Patricia M. Dechow et al., "Detecting Earnings Management: A New Approach," *Journal of Accounting Research* 50, no. 2 (2012): 275–334.

¹² Iwan Putra et al., "The Influence of Internal Audit, Risk Management, Whistleblowing System and Big Data Analytics on the Financial Crime Behavior Prevention," *Cogent Economics and Finance* 10, no. 1 (2022), <https://doi.org/10.1080/23322039.2022.2148363>.

¹³ Dwi Puryati and Sonia Febriani, "The Consequence of Whistleblowing System and Internal Control toward Fraud Prevention: A Study on Indonesian State Owned Enterprise," *International Journal of Business and Technology Management* 2, no. 3 (2020): 35–48, <http://myjms.moe.gov.my/index.php/ijbtm>; Agus Sulistiyo and Harti Budi Yanti, "Pengaruh Pengendalian Internal, Manajemen Risiko Dan Wistleblowing System Terhadap Pencegahan Fraud," *Jurnal Akuntansi dan Pajak* 23, no. 1 (2022): 1–11; I Gede Adi Kusuma Wardana, Edy

a whistleblowing system and risk management really helps companies to manage, minimize, and even prevent fraud. However, contrary to research¹⁴ that found that the whistleblowing system did not affect the prevention of fraud or even financial crime behavior. Additionally, research¹⁵ found that risk management does not affect the prevention of financial crime. These inconsistent results are caused by the use of the whistleblowing system and risk management, which is still not optimal. This is what causes financial crime behavior to continue to grow until now. Therefore, more systematic efforts are needed to prevent early financial crime behavior by developing accurate strategies or methods.

From various previous studies, no one has linked the whistleblowing system and risk management as an early prevention strategy for financial crime in Sharia banking. Sharia banking is a financial institution that applies Islamic values. Therefore, this research is very important because no similar research has been conducted previously. In addition, the results of this study can be used as reference data and evaluation material for Islamic banking in carrying out its specific operational activities, as well as improving anti-fraud programmes in banking and financial institutions in general. Therefore, this study seeks to fill the research gap by focusing on PT Bank Syariah Indonesia in South Sulawesi, a specific regional context that has not been extensively studied. In addition, this research integrates whistleblowing systems and risk management within a single predictive model and situates the analysis in the unique ethical and operational framework of Islamic banking, offering perspectives that remain underexplored in previous studies. Based on the description above, the formulation of this research is whether the use of a whistleblowing system and generalized risk management can be used as an early prevention strategy for financial crime behavior in PT Bank Syariah Indonesia in South Sulawesi.

Literature Review

Fraud Triangle Theory

Fraud triangle theory is a theory that explains the factors that cause fraud to occur. This theory was first introduced by Dr. Donald Cressey in 1953. There are three factors that encourage fraud, namely pressure, opportunity, and

Sujana, and Made Arie Wahyuni, "Pengaruh Pengendalian Internal, Whistleblowing System, Dan Moralitas Aparat Terhadap Pencegahan Fraud Pada Dinas Pekerjaan Umum Kabupaten Buleleng," *E-jurnal S1 Ak Universitas Pendidikan Ganesha Jurusan Akuntansi Program S1* 8, no. 2 (2017): 1-10.

¹⁴ Wahdan Arum Inawati and Fadiyah Hani Sabila, "Pencegahan Fraud : Pengaruh Whistleblowing System, Government Governance Dan Kompetensi Aparatur Pemerintah," *E-jurnal Akuntansi* 31, no. 3 (2021): 731; I Ketut Sujana, I Made Sadha Suardikha, and Putu Santi Putri Laksmi, "Whistleblowing System, Competence, Morality, and Internal Control System Against Fraud Prevention on Village Financial Management in Denpasar," *E-jurnal Akuntansi* 30, no. 11 (2020): 2780.

¹⁵ Putra et al., "The Influence of Internal Audit, Risk Management, Whistleblowing System and Big Data Analytics on the Financial Crime Behavior Prevention."

rationalization. These three factors are interrelated elements¹⁶. Pressure is related to the emergence of an intention to commit fraud. Where the emergence of intention is due to motivation or pressure, both internal and external to a person. Opportunities usually arise due to weak internal controls in preventing fraud. Apart from that, opportunities also arise due to the inability of leaders in a company to assess the quality of the company's performance. There are several factors that can cause opportunities to commit fraud, namely, the company's control system is still weak, the Company's operational standards are not conducive, the existence of multiple jobs for employees, and work environment conditions that are less conducive. Rationalization is often known as justification. When fraud is detected, sometimes the perpetrator will give a rational reason as a form of self-defense. This defense is carried out so that acts of fraud continue to be carried out.

Utilization of the Whistleblowing System for Early Prevention of Financial Crime

Whistleblowing system is an integrated system and procedure for receiving, analyzing, and following up on complaints by whistleblowers regarding unethical actions (fraud). The whistleblowing system also requires the commitment of personal data from the reporter, the availability of clear and responsible reporting procedures, and being part of the process of evaluating and improving the system.¹⁷ Implementing a good whistleblowing system in an organization will increase integrity and indirectly prevent fraud, especially financial crime. Thus, it indicates that the better the implementation of the whistleblowing system, the higher the level of prevention of financial crime. This is supported by previous research¹⁸ who found that the use of a whistleblowing system had a positive and significant effect on preventing and disclosing fraud. However, the results of the research above are contradictory¹⁹ found that the use of a whistleblowing system had no effect on preventing fraud, in this case financial crime. Thus, the first hypothesis in this research is:

¹⁶ Cressey, "Other People's Money; a Study of the Social Psychology of Embezzlement," in *The American Journal of Sociology*, 1953, 1–300.

¹⁷ Musmulyadi Musmulyadi and Fitri Indah Sari, "Whistleblowing System Dalam Memutus Rantai Fraud Untuk Mewujudkan Economic Growth (Studi Pada Direktorat Jenderal Pajak Indonesia)," *Jesya (Jurnal Ekonomi & Ekonomi Syariah)* 3, no. 2 (2020): 292–303.

¹⁸ Puryati and Febriani, "The Consequence of Whistleblowing System and Internal Control toward Fraud Prevention: A Study on Indonesian State Owned Enterprise"; Sulistiyo and Yanti, "Pengaruh Pengendalian Internal, Manajemen Risiko Dan Whistleblowing System Terhadap Pencegahan Fraud"; Wardana, Sujana, and Wahyuni, "Pengaruh Pengendalian Internal, Whistleblowing System, Dan Moralitas Aparat Terhadap Pencegahan Fraud Pada Dinas Pekerjaan Umum Kabupaten Buleleng."

¹⁹ Inawati and Sabila, "Pencegahan Fraud : Pengaruh Whistleblowing System, Government Governance Dan Kompetensi Aparatur Pemerintah"; Sujana, Suardikha, and Laksmi, "Whistleblowing System, Competence, Morality, and Internal Control System Against Fraud Prevention on Village Financial Management in Denpasar."

H1: The use of a whistleblowing system has an effect on self-prevention of financial crime.

Risk Management towards Early Prevention of Financial Crime

Another strategy to prevent financial crime is to generalize risk management as it arises. In the banking sector, risk management is an important element in running a business with the aim of managing threats and minimizing risks that may arise regarding fraud.²⁰ Risk management. The main objective is to protect the company from losses that arise by implementing procedures for identifying, measuring, monitoring, and reducing risks from business activities²¹. This means the important role of risk management in helping prevent fraud. If risk management is implemented well by the organization, then the prevention of financial crime will be higher. This is in line with research²² who found that risk management has a positive and significant effect on preventing financial crime which is part of fraud. However, research²³ found that risk management had no effect on fraud prevention. Thus, the second hypothesis in this research is:

H2: Risk management influences early prevention of financial crime.

Based on the development of the hypothesis, the conceptual framework of this research is as follows:

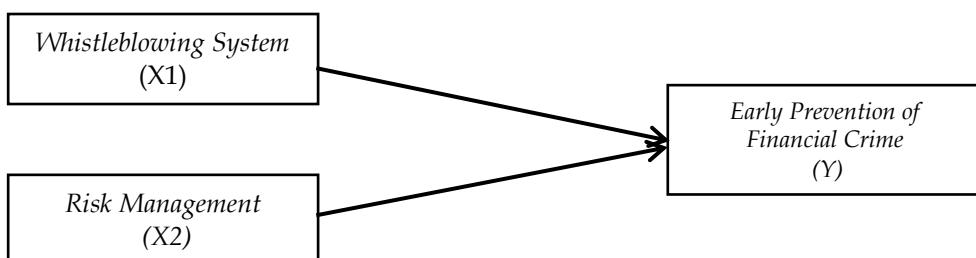


Figure 1. Conceptual Framework

METHODS

This type of research used associative research with a quantitative approach. The population in this study was 46 office PT Bank Syariah Indonesia in South Sulawesi. The sample in this study used a purposive sampling technique with the analysis unit consisting of branch office heads, sub-branch office heads,

²⁰ Yusuf M-Bo Hussaini U, Bakar Aa, "The Effect of Fraud Risk Management, Risk Culture, on the Performance of Nigerian Banking Sector: Preliminary Analysis," *International Journal of Academic Research in Accounting, Finance and Management Sciences* 8, no. 3 (2018).

²¹ Akbar. C et al., "Manajemen Risiko Di Perbankan Syariah," *Milkiyah: Jurnal Hukum Ekonomi Syariah* 1, no. 2 (2022): 51-56.

²² Hussaini U, Bakar Aa, "The Effect of Fraud Risk Management, Risk Culture, on the Performance of Nigerian Banking Sector: Preliminary Analysis"; Sulistiyo and Yanti, "Pengaruh Pengendalian Internal, Manajemen Risiko Dan Wistleblowing System Terhadap Pencegahan Fraud"; Hasan Sultoni, "Manajemen Risiko Pada Bank Syariah Di Indonesia," *At-Tujjar* 10, no. 1 (2022): 48-68, <http://ejournal.kopertais4.or.id/pantura/index.php/alhikmah/article/view/3441/2454>.

²³ Putra et al., "The Influence of Internal Audit, Risk Management, Whistleblowing System and Big Data Analytics on the Financial Crime Behavior Prevention."

internal auditors, and employees. Data collection was conducted through a survey by distributing a questionnaire. The questionnaire was filled out by 230 respondents. The data were analysed with the approach of multiple linear regression analysis with the help of SPSS 26 software.

Table 2. Operational Definition of Variables

Variable Study	Operational Definition of Variables	Measurement Indicator	Measurement Scale
Early Prevention of Financial Crime	Early prevention of financial crime is an integrated and systematic effort aimed at eliminating the causes of financial crime.	1. Financial transactions. 2. Repeated use of money. 3. Fair transaction. 4. Q transactions outside the norm and reasonableness ²⁴	Likert Scale
Whistleblowing System	<i>Whistleblowing system</i> is a system designed in such a way as to detect, prevent and reveal acts of fraud.	1. Aspect of willingness. 2. Operational aspects. 3. Maintenance aspects ²⁵ .	Likert Scale
Risk Management	<i>Risk management</i> is a complete set of policies or procedures that an organization has to manage, monitor and control risks that may arise.	1. Operational risk. 2. Financial risk. 3. Information risk ²⁶ .	Likert Scale

Source: Processed data, 2024

To achieve the objectives of this research, descriptive statistical analysis was used and hypothesis testing using the mathematical equation model $\hat{Y} = \alpha + \beta_1 X_1 + \beta_2 X_2 + \epsilon$. By testing the hypothesis, it can be formulated if the statistical t value $> t$ table with a significance level of 0,05 (5%), meaning that the dependent variable has an effect on the independent variable.²⁷

RESULT AND DISCUSSION

The total number of respondents was 230 people with a description of the distribution of various characteristics, namely the number of respondents

²⁴ SW Albrecht et al., *Fraud Examination*, Fourth. (United States of America: South-Western, Cengage Learning., 2012).

²⁵ Komite Nasional Kebijakan Governance (KNKG), *Pedoman Sistem Pelaporan Pelanggaran-SSP (Whistleblowing System-WBS)* (Jakarta: KNKG, 2008).

²⁶ Agung Hermawan and Novita Novita, "The Effect of Governance, Risk Management, and Compliance on Efforts to Minimize Potential Fraud Based on the Fraud Pentagon Concept," *Asia Pacific Fraud Journal* 6, no. 1 (2021): 82.

²⁷ Imam, Ghazali. *Aplikasi Analisis Multivariate Dengan Program IBM SPSS 26*, 10th ed. (Semarang: Badan Peberbit Universitas Diponegoro, 2021).

according to gender, dominated by male was 123 respondents or 53,5%. Based on age, the largest number of respondents were between 30-40 years old 92 people or 40,0% of the total 230 respondents. The number of respondents based on their last education was dominated by S1, as many as 134 people or 58,3%. Regarding educational background, the majority of respondents had an economic education, as many as 83 people or 36,1%. Meanwhile, the highest number of respondents based on length of work was between 6-10 years 121 people or 52,6%.

Table 3. General Description of Respondents

Characteristics	Amount	Percentage
Gender		
Man	123	53,5%
Woman	107	46,5%
Total	230	100%
Age		
21 to 30	90	39,1%
30 to 40	92	40,0%
41 to 50	48	20,9%
Total	230	100%
Last education		
D3	37	16,1%
S1	134	58,3%
S2	59	25,7%
Total	230	100%
Educational background		
Accountancy	42	18,3%
Economy	83	36,1%
Management	76	33,0%
Etc	29	12,6%
Total	230	100%
Length of work		
1-5 years	95	41,3%
6-10 years	121	52,6%
11-15 years	14	0,48%
Total	230	100%

Source: Processed data, 2024

Validity test

Validity testing is a procedure that aims to ensure whether the questionnaire statement instrument used is valid or not in measuring research variables. A questionnaire is said to be valid if the statements in the questionnaire are able to measure something that is measured by the questionnaire. To find out whether the statement item is valid by looking at the Corrected Item Total Correlation value. If the value of the statement item has a calculated r value $> r$ table, then it can be said to be valid. However, if the calculated r value $< r$ table, then it is said to be invalid. In this study, there was any sample size (n) = 230 respondents and the df size could be calculated as $230-2 = 228$ and alpha = 0,05,

obtained r table = 0,129. So, statement items that are said to be valid are those that have a calculated r value greater than 0,129. The results of the data validity test in this research can be seen in table 4 below.

Table 4. Validity Test

Research variable	Statement Items	r count	r table	Information
Whistleblowing System	X1.1	0,765	0,129	Valid
	X1.2	0,911	0,129	Valid
	X1.3	0,937	0,129	Valid
Risk Management	X2.1	0,809	0,129	Valid
	X2.2	0,876	0,129	Valid
	X2.3	0,825	0,129	Valid
Early Prevention of Financial Crime	Y1	0,860	0,129	Valid
	Y2	0,905	0,129	Valid
	Y3	0,651	0,129	Valid
	Y4	0,904	0,129	Valid

Source: Processed data, 2024

Based on table 4 above, it shows that all statement items have positive correlation coefficient values and are greater than in the r table. This means that the research data is valid and can be tested further.

Reliability Test

Reliability testing is used with the aim of measuring a questionnaire, which is an indicator of a variable or construct. A questionnaire is said to be reliable if the respondent's answers to the statement items are consistent or stable. The data reliability test was carried out using the Cronbach Alpha value, where the instrument is said to be reliable if it has a reliability coefficient of 0,60 or more²⁸. The results of testing the reliability of this research data can be seen in table 5 below.

Table 5. Reliability Test

Research variable	Cronbach' Alpha	Information
Whistleblowing System	0,836	Reliable
Risk Management	0,780	Reliable
Early Prevention of Financial Crime	0,854	Reliable

Source: Processed data, 2024.

Based on Table 5 above, the Cronbach alpha value of all variables is greater than 0,60, so it can be interpreted that the questionnaire statement instrument used is able to explain the research variables in this study. So it can be stated that it is reliable or trustworthy as a variable measuring instrument.

R-Square Test (R2)

R-squared (coefficient of determination) is a value used to explain the magnitude of the influence of the independent variable on the dependent variable. R-squared has a value between 0 and 1, with the condition that the

²⁸ Ghozali, *Aplikasi Analisis Multivariante...*

closer it is to one, the better the research model²⁹. The results of the r-square test of this research data can be seen in table 6 below.

Table 6. R-Square Test (R2) Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,828 ^a	0,686	0,668	1,159

a. Predictors: (Constant), RM (Risk Management), WBS (Whistleblowing System)
b. Dependent Variable: FC (Early Prevention of Financial Crime)

Source: Processed data, 2024.

Based on Table 6 above, the R-squared value is 0,686 or 68,6%. This shows that the correlation coefficient of determination of the whistleblowing system and risk management variables simultaneously (together) has an effect on early prevention of financial crime by 68,6%. Meanwhile, the remainder (100% - 68,6% = 31,4%) is influenced by other outside variables or variables not examined in this research.

Hypothesis testing

Table 7. Partial Test Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	t	
1 (Constant)	0,299	1,965		0,152	0,880
WBS	-0,103	0,222	-0,072	-0,462	0,647
RM	1,373	0,243	0,885	5,649	0,000

a. Dependent Variable: FC (Early Prevention of Financial Crime)

Source: Processed data, 2024.

Based on table 7 above, it can be analyzed into the mathematical equation as follows:

$$\hat{Y} = 0,299 - 0,103X1 + 1,373X2 + \epsilon$$

Based on the results of the multiple linear regression equation, it can be interpreted as follows:

The constant coefficient value of 0,299 indicates that if the whistleblowing system variables (X1) and risk management variables (X2) increase, the early prevention of financial crime variable (Y) at PT Bank Syariah Indonesia in South Sulawesi has a fixed value of 0,299.

Connection whistleblowing system utilisation variable (X1) and the early prevention of financial crime variable (Y) at PT Bank Syariah Indonesia in South Sulawesi has a negative coefficient value of (-0,103). This means that every increase in the whistleblowing system utilisation variable (X1) by one unit, the early prevention of financial crime variable (Y) at PT Bank Syariah Indonesia will

²⁹ Ghozali, *Aplikasi Analisis Multivariate...*

decrease by 0,103, assuming a free variable order like risk management (X2) in circumstances constant.

Connecting the risk management variable (X2) and the early prevention of financial crime variable (Y) at PT Bank Syariah Indonesia in South Sulawesi has a positive coefficient of 1,373. This means that every increase in the risk management variable (X2) by one unit, the early prevention of financial crime variable at PT Bank Syariah Indonesia will also increase by 1,373, with the assumption variable free order like a whistleblowing system (X1) in circumstances constant.

Discussion

Utilization of the Whistleblowing System for Early Prevention of Financial Crime

Based on table 7 above, it can be seen that the coefficient value β of the unstandardized coefficients of the whistleblowing system variable is -0,103 which shows a negative direction. The calculated t value is -0,462 which is smaller than the t table ($\text{sig.}\alpha= 0,05$) of 1,652 ($df = 230-2-1=227$) with a significance level of 0,647 greater than 0,05. So the first hypothesis, that the use of the whistleblowing system has an effect on early prevention of financial crime, is rejected. The results of the analysis show that the use of the whistleblowing system to prevent financial crime in sharia banking is still low and not optimal. This is due to the low self-confidence and confidence of whistleblowers (reporters) to report fraudulent behavior or unethical actions.

The relatively low use of the whistleblowing system in sharia banking can be seen from the low level of legal protection for whistleblowers (reporters). There is high concern if one day they are found out as a reporter for irregularities such as fraud³⁰. However, on the other hand, utilizing the whistleblowing system as a company's internal control system is not enough to provide complete whistleblowing system facilities, but rather support from the leadership and cooperation of all parties, both internal and external to the company, in reporting any irregularities through the whistleblowing system. So that acts of fraud which are actions carried out with planning can be prevented early through the use of a whistleblowing system³¹.

The results of this study strengthen the research³² which proves that the use of the whistleblowing system has no effect on early prevention of fraud such as

³⁰ Romi Susanto Afriyeni, "Manajemen Risiko Pada Bank Syariah Di Indonesia," *At-Tujjar* 10, no. 1 (2022): 48–68.

³¹ Hasan, Azlina, and Mansur, "Implementation of Whistleblowing System To"; Sultoni, "Manajemen Risiko Pada Bank Syariah Di Indonesia."

³² Inawati and Sabila, "Pencegahan Fraud : Pengaruh Whistleblowing System, Government Governance Dan Kompetensi Aparatur Pemerintah"; Gina Sakinah and Ade Ponirah, "Penerapan Whistleblowing System Terhadap Internal Fraud Pada Pt. Bank Muamalat Indonesia, Tbk Periode 2015-2019," *LIKUID: Jurnal Ekonomi Industri Halal* 1, no. 2 (2021): 74–86; Sujana, Suardikha, and Laksmi, "Whistleblowing System, Competence, Morality, and Internal Control System Against Fraud Prevention on Village Financial Management in Denpasar"; Wardana, Sujana, and Wahyuni, "Pengaruh Pengendalian Internal, Whistleblowing System, Dan

financial crime. On the other hand, this research does not support research³³ who found that the use of a whistleblowing system had a positive and significant effect on preventing and disclosing fraud. So it can be concluded that the use of the whistleblowing system cannot be used as an early prevention strategy for financial crime in PT Bank Syariah Indonesia in South Sulawesi.

Risk Management for Early Prevention of Financial Crime

Based on table 7 above, it can be seen that the coefficient value β of the unstandardized coefficients the risk management variable is 1,373 which shows a positive direction, the calculated t value is 5,649, which is greater than the t table ($\text{sig.} \alpha = 0,05$) of 1,652 ($df = 230-2-1=227$) with a significance level of 0,000 which is smaller than 0,05. So the second hypothesis, risk management has an effect on early prevention of financial crime, is accepted. The results of the analysis prove that risk management has a positive influence on preventing fraud such as financial crime in the sense that risk management is able to prevent fraud, such as financial crime, in Sharia banking.

Risk management as an internal control procedure used to direct and control the emergence of risks within the company. Where activities start from identifying, measuring, developing alternative risk management, monitoring risks, and controlling risk management or prevention. Developing risk management within the company can reduce losses for the company. The emergence of risks of fraud in companies, such as financial crimes, can be anticipated by implementing effective risk management. Where management must manage their organization's resources because of uncertainty with the emergence of a company risk.

Risk management able to become one of the early prevention strategies for financial crime by identifying risk mapping and even preventing fraud. Therefore, to prevent and minimize the occurrence of fraud, a combination of sharia banking strategies is needed in managing risk to prevent fraud. So the implementation of risk management in sharia banking is very important to maintain company continuity. Risk management, which is part of internal control, will synergize in increasing the success of achieving organizational targets. So that risk management can be a development tool for companies to minimize the occurrence of fraud which has an impact on the company's financial side and loss of public trust, especially in the world of sharia banking which in fact applies Islamic values. Because the main milestone in banking operational activities is public trust.

Moralitas Aparat Terhadap Pencegahan Fraud Pada Dinas Pekerjaan Umum Kabupaten Buleleng.”

³³ Puryati and Febriani, “The Consequence of Whistleblowing System and Internal Control toward Fraud Prevention: A Study on Indonesian State Owned Enterprise”; Sulistiyo and Yanti, “Pengaruh Pengendalian Internal, Manajemen Risiko Dan Wistleblowing System Terhadap Pencegahan Fraud”; Wardana, Sujana, and Wahyuni, “Pengaruh Pengendalian Internal, Whistleblowing System, Dan Moralitas Aparat Terhadap Pencegahan Fraud Pada Dinas Pekerjaan Umum Kabupaten Buleleng.”

The results of this study strengthen the research³⁴ Prove that the implementation of risk management has a positive and significant effect on early prevention of fraud, such as financial crime. On the other hand, this research does not support the research³⁵ who found that the use of risk management had no effect on fraud prevention. So it can be concluded that the application of risk management can be used as an early prevention strategy for financial crime in PT Bank Syariah Indonesia in South Sulawesi.

CONCLUSION

Based on the description of the results and discussion above, the conclusions of this research are drawn. First, the use of a whistleblowing system has no effect on early prevention of financial crime. This indicates that the whistleblowing system is currently ineffective as an early prevention strategy for financial crime in PT Bank Syariah Indonesia in South Sulawesi. Second, risk management has a positive and significant effect on early prevention of financial crime. In the sense that risk management can be used as an early prevention strategy for financial crime at PT Bank Syariah Indonesia in South Sulawesi.

The limitations of this research are, firstly, this research only focuses on PT Bank Syariah Indonesia in South Sulawesi, so the findings obtained cannot yet be generalized to sharia banking throughout Indonesia. Second, the survey method by filling out questionnaires is limited in terms of the subjectivity of the respondents. Third, the scope of the research is limited because it only tests a few variables that can be used as early prevention strategies for financial crime. Therefore, suggestions for further research include, first, expanding the research area so that the results can be generalized, secondly collecting data using an interview approach in order to obtain more objective data. Third, you can add other variables that can become an early prevention strategy for financial crime, so that the results can be implemented not only in sharia banking but in the banking world in general.

Author's Contribution

Idrawahyuni: Contribute to formulating research ideas, collecting data, processing data, and interpreting data

Andi Arifwangsa Adiningra: Contributing to writing systematics and research methods

Sri Andayangsih: Contributing to analyzing interpretation results

Muhammad Adil: Contributing to collecting data

Endang Winarsih: Contribute to compiling a literature review and to the language proofread.

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Declaration of Competing Interest

³⁴ Hussaini U, Bakar Aa, "The Effect of Fraud Risk Management, Risk Culture, on the Performance of Nigerian Banking Sector: Preliminary Analysis"; Sulistiyo and Yanti, "Pengaruh Pengendalian Internal, Manajemen Risiko Dan Wistleblowing System Terhadap Pencegahan Fraud."

³⁵ Putra et al., "The Influence of Internal Audit, Risk Management, Whistleblowing System and Big Data Analytics on the Financial Crime Behavior Prevention."

The author declares that there is no conflict of interest.

Ethical Approval

Ethical approval No patient-identifying parts in this paper were used or known to the authors. Therefore, no ethical approval was requested.

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